



WEEKLY OUTLOOK

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USDA UPDATES SUPPLY AND DEMAND PROJECTIONS

On April 10, the USDA released its monthly *Supply and Demand* report which provides revised estimates for U.S. and world grain production, consumption, and ending stocks. Following is a summary of the changes affecting corn, soybeans, and wheat.

CORN. The estimated size of the 1990-91 world corn crop was increased by 1.3 million tons, to a total of 472 million tons. That crop is 9.8 million tons larger than the revised estimate of the 1989-90 crop. For the 1990-91 crop, the USDA increased the estimate of the South African crop by 1 million tons (17 percent). The estimate of the Argentine crop was raised by 300,000 tons, or 4 percent.

For all coarse grains, the estimated size of the 1989-90 crop was reduced by 3.1 million tons, reflecting smaller estimates for South Africa, China, and Brazil. The estimate for the 1990-91 crop was increased by 300,000 tons, to a total of 826 million tons. The crop is 25.6 million tons, or 3 percent, larger than last year's crop.

As a result of the continued slow pace of exports, the USDA lowered its projection of U.S. corn exports for the 1990-91 marketing year by 75 million bushels, to a total of 1.75 billion bushels. That estimate is 619 million bushels less than was exported last year and is the smallest export figure in 3 years. Stocks of corn at the end of the current marketing year are projected at 1.36 billion bushels, 16 million bushels above the level of stocks at the beginning of the year. Even so, stocks will be at the second lowest level in 7 years.

World stocks of corn at the end of the marketing year are projected at 2.776 billion bushels, 36 million bushels below the level of beginning stocks. Projected stocks account for only 15 percent of projected world consumption. Stocks of all coarse grains are expected to be about equal to beginning stocks, but still represent only 15 percent of projected use.

SOYBEANS. The USDA increased the estimate of the 1990 Brazilian soybean crop by 12.5 million bushels. For the current year, the size of the Brazilian crop estimate remained at 625 million bushels, 122 million bushels less than the 1990 harvest. The Argentine estimate was raised by 26 million bushels, to a total of 404 million bushels. That is 9 million bushels above the 1990 harvest. The estimated size of the crop in Paraguay was reduced to 51 million bushels, 7 million bushels less than last month's estimate and almost 4 million less than last year's crop. In total, the South American crop is estimated at 1.08 billion bushels, 117 million below the 1990 harvest. Production of soybeans outside of the United States is expected to total 1.929 billion bushels, down 83 million bushels (4 percent) from last year.

Offsetting the decline in soybean production, is the expected increase in production of other oilseed crops. World rapeseed production is expected to be 16 percent larger than last year's crop. The 3.5 million ton increase more than offsets the 2.3 million ton reduction in world soybean production.

The projection of U.S. exports for the current marketing year was reduced another 10 million bushels, to a total of only 540 million bushels. Stocks on September 1, 1991 are projected at 360 million bushels, or 20 percent of projected use. The projection of soybean oil exports was reduced by 225 million pounds, to a 30-year low of 775 million pounds. U.S. and world ending stocks, however, are expected to represent only 11 percent of annual use.

WHEAT. The 1990-91 world wheat production estimate was increased slightly, to 590.1 million tons. The crop was nearly 10 percent larger than the 1989-90 crop. World feed use of wheat is projected at 120.5 million tons, up 27 percent from feed use of a year ago. The projection of wheat feeding in the United States was increased by 50 million bushels, to a total of 500 million. That is a 200 percent increase in the level of feeding from 1989-90.

Stocks of U.S. wheat on June 1 are projected at 896 million bushels, down 61 million from last month's projection and down 83 million from the February projection. Stocks, however, represent 37 percent of annual use and are 360 million bushels above the level of stocks on June 1 last year. Ending world stocks of wheat are projected at 143.6 million tons, 21 percent larger than beginning stocks. Stocks account for 25 percent of projected used.

The revised supply and demand estimates underscore the current surplus of soybeans and wheat. Stocks of corn and other feedgrains are adequate, but not surplus. World wheat production will decline in 1991-92 and result in a draw down in wheat stocks. Soybeans will remain in surplus, unless severe weather problems arise. Good growing conditions will be required to prevent a further reduction in the small level of coarse grain stocks.

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